

I hereby veto House Bill Number 348, being " An Act to amend Article 3810 of the Revised Civil Statutes of the State of Texas, 1925, providing for notice to subsequent purchasers and lienholders, whose lien on or interest in land is evidenced by the instrument in writing before a sale of the property under powers conferred by previous deed of trust or contract lien and prescribing the manner of giving such notice extinguishing all claims against said property by virtue of the subsequent lien if not filed within six months' time after the date of such sale, and declaring an emergency."

The purpose of this bill is to amend Article 3810, Revised Civil Statutes, 1925, to provide that subsequent lien holders shall be entitled to notice before a prior lien holder can exercise a power of sale contained in the deed of trust or other writing granting such prior lien. The practical effect of the bill is to give subsequent lien holders the equity of redemption for a period of six months, because such subsequent lien holder is given six months after sale under a prior lien to bring suit to set aside such sale. It would practically destroy sale under deed of trust as a speedy and economical means of collection, and force all lien holders, upon default of the debtor, to go into court and sue for foreclosure. This is true because no purchaser at a trustee's sale under a deed of trust could be sure of his title until after the lapse of six months from the time of the sale. This would result in injury to both the grantor and grantee, or mortgagor and mortgagee. With the possibility of suit at any time within six months to set aside the sale, purchasers would not be inclined to buy the mortgaged property unless they could secure it at far less than its value. In this particular the practical effect of the bill, if it should become a law, would be injurious to lien holders, both prior and subsequent, and it would also be injurious to the owner of the property. If the power of sale under deed of trust should be destroyed as a speedy, effective and economical means of collection, the land owners of this state would find it more difficult to borrow money on real estate. There would be no means left for collection except suit for foreclosure. This process is expensive and in the sparsely settled sections of the State it is very slow because the District Court of a number of counties do not meet more than twice each year.

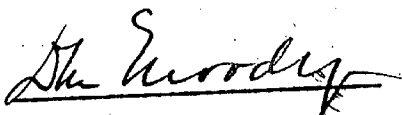
The unscrupulous could take advantage of the waiver feature of the bill to injure the land owner, and, on the other hand, one of the same character could

-2-

take advantage of the twenty day clause to prevent a sale except through foreclosure proceedings.

I am in accord with the purpose of this bill, i.e. to give second lien holders notice of sale under powers of sale in deeds of trust, but the bill, if it should become a law in its present condition, would in my judgment work a great hardship upon many land owners in this State.

For the reasons indicated the bill is vetoed.

A handwritten signature in dark ink, appearing to read "The Moody", written over a horizontal line.

GOVERNOR OF TEXAS.